

**UNC Workgroup 0664V Minutes
Transfer of Sites with Low Valid Meter Reading Submission
Performance from Classes 2 and 3 into Class 4**

Thursday 12 November 2020

via Teleconference

Attendees

Bob Fletcher (Chair)	(BF)	Joint Office
Mike Berrisford (Secretary)	(MB)	Joint Office
Cosmin Lita	(CL)	Utility Warehouse
Danny Byrne	(DB)	utilita
Dave Addison	(DA)	Xoserve
Fiona Cottam	(FC)	Xoserve
Guv Dosanjh	(GD)	Cadent
John Welch	(JW)	PAFA
Louise Hellyer	(LH)	Total Gas & Power
Mark Jones	(MJ)	SSE
Samantha Wilcock	(SW)	My Green Star Energy
Sean McSweeney	(SM)	E.ON
Sonniya Fagan	(SF)	Joint Office
Steven Britton	(SB)	Cornwall Insight
Tracey Saunders	(TS)	Northern Gas Networks

Copies of all papers are available at: <https://www.gasgovernance.co.uk/0664/121120>

The Final Modification Report 0664VV is due to be presented at the UNC Modification Panel by 17 December 2020

1. Introduction and Status Review

Bob Fletcher (BF) welcomed everyone to the meeting and confirmed the objective of this meeting was to consider the proposed (draft) Variation Request in support of UNC Modification 0664V and thereafter to consider the drafts of the Variation Request and Modification Proposal 0664VV with the aim of reaching a position whereby the Legal Text provider (Cadent) has sufficient information in order to produce and provide Legal Text.

1.1. Approval of Minutes (10 August 2020)

The minutes from the previous 0664 Workgroup meeting were approved.

2. Consultation Issue for Discussion

BF explained the background to how the Modification had reached this point and the role that the UNC Panel had played in seeking additional clarification on certain aspects of the varied Modification 0664V.

It was noted that during the (subsequent) consultation for Modification 0664V, concerns had been raised by Gazprom that suggested that as a consequence of the proposals, and specifically performance measures in regards to the fact that a poorly performing Supplier could impact a better performing Supplier that was contracted to the same Shipper, it is now suggested that performance should be measured for each Shipper and Supplier relationship separately. Mark Jones (MJ) went on to explain that in providing the draft 0664V Variation Request and draft change marked Modification 0644VV, he has attempted to address these concerns as these had been carried over from the original Modification 0664 and not properly addressed in Modification 0664V.

When asked whether this demonstrates that there is a potential 'knowledge / information gap' in the Performance Assurance Committee (PAC) area, FC responded by advising that this is not necessarily the case especially as the PAC are already considering setting targets across a wider industry range.

Summarising, BF explained that the latest round of changes are seeking to separate the Shipper portfolios in order to ensure that there is a unique Shipper / Supplier relationship based performance model.

3. Review draft Variation Request 0664V

In providing the rationale behind the latest iteration of the proposed Variation Request for Modification 0664V, MJ thanked the Joint Office for their contribution and feedback which has resulted in an updated v0.2 being published immediately prior to the commencement of the meeting.

During a brief onscreen review, MJ explained that, subject to no adverse comments at the meeting, he would look to incorporate the appropriate Business Rules from the draft change marked Varied Modification 0664VV into an updated version of the Variation Request 0664V in due course.

4. Review draft Varied Modification 0664VV

During an onscreen review of draft Modification 0664VV, the Workgroup undertook some extensive discussions around several key points, some of which are outlined below:

- some parties feel the proposed amendments could possibly add additional complexity, especially around multi-licence (Shipper – Supplier) impacts;
- it was noted that the Faster Switching programme could potentially have an impact on the grounds that it changes the landscape in terms of implementation impacts and available dates;
- PAC reporting requirements / enhancements (Shipper – Supplier level monitoring etc.) might be need to be considered in parallel with the further development of the Modification going forward, although it was noted that PACs interest will be in Shipper performance;
- proposed Shipper – Supplier obligations potentially impact upon PAC Read Performance reporting provisions, especially where multi Supplier relationships are involved;
- the Modification is aiming to assist Shippers to more accurately identify where issues lie (i.e. Shipper – Supplier I.D. related);
- reclassification of sites and enforcement requirements and their potential interaction with PAC Performance Reporting aspects (including the provision of supporting commentaries going forwards) to be considered further, especially inadvertent diminishing of PAC role;

- care needed to avoid discrimination against Shippers / Suppliers with smaller portfolios;
- DSC Change Proposal and Rough Order of Magnitude (ROM) impacts envisaged that will need further consideration, especially 'enforcement' aspects and reporting against individual Shipper/Supplier portfolios;
- Xoserve to confirm whether the proposed changes impact the areas of Code / systems outlined by CSS implementation, because if so, implementation may not be possible until June 2023 due to a proposed Code freeze during Summer 2022;
- BRM validation aspects in respect of CSS to be considered (including the option of phased reporting, deferred application of lockout and assessment of reclassification utilised in order to avoid lockout) – may necessitate DSC Change Management Committee consideration in due course;
- CSS functionality limitation means that there is currently no barrier to the same Supplier / Shipper circumventing a lockout by renominating – further validation options / control mechanisms to be explored;
- some concerns voiced that the current single Shipper Short Code (SSC) aspects are potentially open to manipulation (i.e. a Shipper / Supplier with more than one I.D.) – it was noted that whilst reporting on this matter is relatively easy, identifying the consequential impacts is more difficult;
- further clarity is required around Suppliers IDs, should this be by organisation, legal entity, legal affiliations etc. (probably involving more clarity than currently available for Shippers and Suppliers);
- Suppliers with multiple Shipper associations could pose a concern and how this could be identified and interpreted against performance;
- the impacts of sites that are deliberately 'bounced' between Classes 2 and 3, rather than being moved to Class 4 in the first instance in order to avoid poor performance reports (including knock on capacity and SOQ impacts), to be explored further, and
- UNC TPD Section G2.2.3(a) provisions noted for further consideration also, although it is acknowledged that this Modification cannot, and should not, address ALL current Code failings and vulnerabilities – perhaps a new PAC issue would be more appropriate;

In summarising the discussions, MJ confirmed that he would look to liaise with Xoserve (D Addison) and provide an amended (draft) Modification 0664VV in time for consideration at the next Workgroup meeting.

New Action 1101: *Reference Draft Modification 0664VV development – SSE (MJ) to consider the various points raised and provide an updated (draft) Modification 0664VV for Xoserve (DA) to review, consider and provide a view around any potential impacts for consideration at the next Workgroup meeting.*

5. Consideration of Revised Legal Text for 0664VV

When asked for a view, G Dosanjh (GD) advised that he believes that once the proposed Variation Request in respect of UNC Modification 0664V is approved by Panel, and UNC Modification 0664VV becomes a reality, Cadent would be in a position to prepare and provide suitable supporting Legal Text.

6. Review of Impacts (including Consumer impacts)

Specific consideration was not undertaken at the meeting.

7. Review of Costs

Specific consideration was not undertaken at the meeting.

8. Update of Report and Variation Request in Preparation for December Panel Submission

Specific consideration was not undertaken at the meeting.

9. Next Steps

BF confirmed the next steps to be:

- SSE (MJ) to provide an updated draft Modification 0664VV for consideration
- Xoserve (DA) to confirm whether the proposed changes impact the areas of Code / systems outlined by CSS implementation
- Provision of an amended ROM for consideration
- UNC Panel extension through to February 2021 to be sought

10. Any Other Business

10.1. Authority Request to Consider a Change in the Governance Status of the Modification

BF advised that in a recent email, the Authority have requested that the Workgroup considers whether the Modification should be deemed as a Self-Governance Modification, rather than an Authority Direction Modification.

In short, Liam King on behalf of the Authority has suggested that:

'There seems to be consensus building around 664, and on principle I cannot see a clear materiality/competition impact? If the requirements are X to be in class a, and this mod would ensure those who are in a are meeting those requirements or switching out of the class, then it surely furthers competition but ensuring everyone is operating on the same basis, as opposed to has any impact on it?'

In noting the request, from both Panel and Ofgem, BF suggested that provision of clear and concise Business Rules would assist parties in assessing whether the Modification still warrants Authority Direction, and if so, clear supporting evidence would also be needed to identify the materiality of the impact on competition as previously identified.

BF went on to explain that, the Panel will test Modifications in terms of materiality should be deemed to be Self-Governance (in the first instance) unless it can be clearly demonstrated why they should be Authority Direction instead. Noting the point, MJ (supported by J Welch (JW)) provided a brief outline of previous Workgroup discussions undertaken on the matter (including consideration of potential financial impacts aspects).

New Action 1102: *Reference the Modification Governance Status* - All parties to review UNC Modification 0664VV and provide a view on whether the Modification should remain an Authority Direction or satisfies Self-Governance criteria – this needs to be considered against the Panel guidance on Self-Governance criteria.

When asked whether the Modification 0664VV would necessarily be issued out to consultation, BF advised that this very much depends upon the UNC Panel Members view on whether the proposed changes represent a material change or not. He also pointed out that the extended delivery timeline (system implementation out to 2023) might also influence proceedings.

11. Diary Planning

Further details of planned meetings are available at: <https://www.gasgovernance.co.uk/events-calendar/month>

The next Workgroup meeting is proposed to take place on either Tuesday 08 December or Friday 11 December 2020 and will be confirmed by the Joint Office in due course.

Action Table (as at 12 November 2020)

Action Ref	Meeting Date	Minute Ref	Action	Owner	Status Update
1101	12/11/20	4.	<i>Reference Draft Modification 0664VV development – SSE (MJ) to consider the various points raised and provide an updated (draft) Modification 0664VV for Xoserve (DA) to review, consider and provide a view around any potential impacts for consideration at the next Workgroup meeting.</i>	SSE (MJ) & Xoserve (DA)	Pending
1102	12/11/20	10.1	<i>Reference the Modification Governance Status - All parties to review UNC Modification 0664VV and provide a view on whether the Modification should remain an Authority Direction or satisfies Self-Governance criteria – this needs to be considered against the Panel guidance on Self-Governance criteria.</i>	All parties	Pending